



FORCE MANAGEMENT  
POLICY

OFFICE OF THE ASSISTANT SECRETARY OF DEFENSE  
4000 DEFENSE PENTAGON  
WASHINGTON, DC 20301-4000

14 DEC 2000

MEMORANDUM FOR DEPUTY ASSISTANT SECRETARY OF THE ARMY  
(CIVILIAN PERSONNEL POLICY)  
DEPUTY ASSISTANT SECRETARY OF THE NAVY (CIVILIAN  
PERSONNEL/EQUAL EMPLOYMENT OPPORTUNITY)  
DEPUTY ASSISTANT SECRETARY OF THE AIR FORCE  
(FORCE MANAGEMENT AND PERSONNEL)  
DIRECTOR, PERSONNEL AND SECURITY, WASHINGTON  
HEADQUARTERS SERVICES

SUBJECT: Special Workforce-Restructuring Buyout Authority

For over three years, the Department of Defense (DoD) Human Resources community has been seeking a buyout authority for workforce shaping purposes – a buyout that did not also require the loss of a position or the avoidance of a reduction in force action. Title XI, Subtitle F of Public Law 106-398, the Floyd D. Spence National Defense Authorization Act for Fiscal Year (FY) 2001 (Act), provides that special buyout authority in Section 1151, but restricts its use in FY 2001 to 1,000 buyouts, available only to employees eligible for optional retirement. The workforce restructuring buyout (hereinafter referred to as the special buyout) cannot be applied concomitantly with early retirements because of limitations created by Section 1152 of the Act. The Act also requires new legislation (to be enacted by the 107<sup>th</sup> Congress) before DoD may use the special buyout authority in FY 2002 and FY 2003. On this basis, the attached Special Buyout Authority Guidance and Procedures package provides direction for use of the authority for FY 2001.

The enacting legislation has created a *de facto* pilot program. In general, the special buyout may be used to restructure the workforce by reshaping positions vacated as a result of the buyout to meet mission needs, achieve one or more reductions in strength, correct skills imbalances, or reduce the number of high-grade, managerial, supervisory or other similar positions. To help ensure that the authority is extended, we must clearly document and properly validate the justified use of this authority. Therefore, each use of the special buyout authority must adhere carefully to the request and reporting requirements contained in the Guidance and Procedures package.

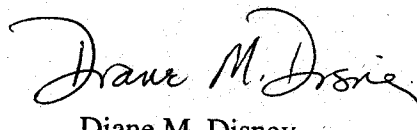
By January 3, 2001, each Component must submit a workforce-restructuring buyout request for the number of positions it plans to reshape. Please keep in mind that the Authorization Act limits us to 1,000 buyouts across the entire Department for FY 2001. Therefore, each request should concern only a reasonable share of that total.



Please submit your Components' requests to the Civilian Personnel Management Service, Civilian Assistance and Re-Employment (CARE) Division, by the January 3 deadline. Since the number of special buyouts is limited and their use for FY 2002 and FY 2003 must be reaffirmed by the 107<sup>th</sup> Congress, it is necessary to execute the buyouts as early as possible in the Fiscal Year. The dates you plan to use the authority will be taken into consideration when determining the number of approved buyouts for FY 2001. Subsequent to review and tentative approval of the Component plans by the CARE Division, final approval of the number of special buyouts for each plan will be made at the Deputy Assistant Secretary of Defense level or higher, in consultation with the Component Deputy Assistant Secretaries or equivalent.

It should be noted that the special buyout authority does not affect the use of traditional, downsizing buyouts for reduction in force, base closure, reorganization, or transfer of function, already authorized by title 5, United States Code, section 5597, and implemented previously by DoD policy and procedures. While the special buyout authority may be used for similar position actions, e.g., reductions in strength or specific positions, and skill imbalance corrections, it will be used well in advance or in lieu of reduction in force actions. It will also be used to effect position actions related to mission needs and other reductions that would not result in reduction in force. In each case, there is no requirement for position loss. After a decade of downsizing, this authority should provide significant relief from the effects of realignment and downsizing, while providing management flexibility to meet evolving mission needs.

Should you require additional assistance or more information about the guidance attached, please contact the Civilian Personnel Management Service, Civilian Assistance and Reemployment (CARE) Division staff at (703) 696-1799, (DSN prefix 426).



Diane M. Disney  
Deputy Assistant Secretary  
Civilian Personnel Policy

Attachment:  
As stated

## **Special Buyout Authority Guidance and Procedures**

### **General Information**

- The special buyout authority established by Subtitle F, Title XI, of the Floyd D. Spence National Defense Authorization Act for Fiscal Year 2001, Pub. L. 106-398 (Act), is a new authority granted by Congress that allows the Department to reshape its workforce without resorting to a reduction in force (RIF) or RIF avoidance action and requiring the loss of a position. DoD activities will have limited, delegated authority, upon DoD approval, to offer employees a buyout to leave their positions. The affected organizations can re-engineer or redesign the vacated positions to meet the emerging needs of the Department or alter the skills base to meet mission essential requirements. During Fiscal Year (FY) 2001, this special buyout authority is limited to 1000 employees and can only be offered to persons eligible for optional retirement.
- The downsizing buyout authority that the Department has used extensively over the past decade for reduction in force, base closure, transfer of function, and reorganization remains in effect until September 30, 2003. This authority allows DoD Components, under delegated authority, to offer buyouts to avoid separations resulting from reduction in force, in conjunction with optional and early retirements, and resignations. The Department will continue to use this authority to implement downsizing actions.
- Defense activities may use the approved special buyout authority, as well as the downsizing authority, to achieve restructuring and downsizing goals. One authority does not preclude the use of the other, nor are they mutually exclusive. The authorities collectively assist commanders and managers in achieving required civilian employment levels and reshaping the Department's workforce to meet current and future mission demands. The new authority can be used for similar position actions, e.g., reductions in strength or specific positions, and skill imbalance corrections. However, it is to be used well in advance or in lieu of any reduction in force activity. Likewise, the new authority is to be used to effect position actions related to mission needs and other reductions that would not result in reduction in force. The most significant difference between the special buyout authority and the downsizing authority is that the special buyout authority allows the Department to offer an employee a buyout to leave the Department's rolls and reshape that position, without its elimination.
- The Act further amended 5 U.S.C. § 5597 to allow the Department to pay buyouts under the new special authority or the traditional downsizing authority in installments. The procedures for implementing this provision are currently being developed in conjunction with the Defense Finance and Accounting Service (DFAS).
- For purposes of 5 U.S.C. § 5597, workforce restructuring means offering buyouts to employees and reshaping those positions to meet mission needs; to achieve one or more reductions in strength; to correct skill imbalances; or to reduce the number of high-grade, managerial, supervisory, or similar positions. The application and use of the special buyout

authority must be tied directly to a workforce restructuring action, where management offers the buyout to create a vacancy that will be "reshaped" to meet the critical mission needs of the Department. Workforce restructuring criteria are provided by the following examples:

- To meet activity mission needs. If the restructuring action was not taken, it would impede mission accomplishment or have an imminent negative effect on mission readiness, e.g., negatively affect the tempo of operations, delivery of critical supplies or services, or the repair of essential equipment.
- To correct skill imbalances, e.g., offering the buyout to a journeyman logistics employee, and reshaping the position to an entry-level information technology position.
- To reduce specified positions, e.g., offering the buyout to a Supervisory Aircraft Mechanic, and reshaping the position to a journeyman Aircraft Mechanic.
- All special buyout authority requests for approval must adhere to the approval and implementation guidance delineated below.

### **Approval Considerations**

- Employee Special Buyout Authority Eligibility:
  - Must be U.S. citizen employees as defined by 5 U.S.C. § 5597.
  - Must be serving under an appointment without time limitation.
  - Must have been employed by the Federal Government for a continuous period of at least 12 months.
  - May not be a reemployed annuitant.
  - May not have a pending or approved application for disability retirement.
  - Must be entitled to an immediate annuity under section 8336, 8412, or 8414 of title 5 U.S. Code.
- Employee Special Buyout Authority Ineligibility:
  - Has a current written service obligation/agreement resulting from Permanent Change of Station, or training, or is in receipt of a recruitment or relocation bonus.
  - Has already accepted a position with another Federal Agency.
  - Is a non-compensated employee.
  - Is receiving a retention allowance.

- Senior Executive Service (SES) or Equivalent Ineligibility:

Members of the Senior Executive Service (SES) and equivalent employees (e.g., Senior Level (SL), Scientific and Professional (ST), Defense Intelligence Senior Executive Service (DISES) and those in broadband positions above the GS-15 in demonstration projects) are not eligible for special buyouts, except where the Assistant Secretary of Defense (Force Management Policy) approves their voluntary separation in order to reshape the workforce.

- Buyout Authority Conditions:
  - Under 5 U.S.C. § 5597(g), all buyout recipients, including special buyouts, are required to repay the entire amount of the buyout (buyout amount before taxes and deductions) if reemployed by a Federal agency within five years of receiving the buyout. Covered reemployment actions now include employment in a non-appropriated fund instrumentality and employment through a personal services contract.
  - Where the number of employees applying for the buyout exceeds the number of offers available to the Component, applications will be processed in order of seniority using the leave service computation date.
  - Under the special buyout authority, position restructuring or reshaping will be restricted to that position vacancy created by application of the buyout.
  - Special buyout recipients may not be retained in a duty status, under any circumstances, beyond the end of the Fiscal Year in which the buyout is paid. (All workforce-restructuring buyout recipients must be off DoD employment rolls by October 1, 2001.)
  - Position vacancies created by use of the special buyout authority must be filled using all applicable mandatory placement, merit promotion, and competitive examining procedures.
- DoD activities must request approval to apply the special buyout authority using the procedures that follow.

### **Request Process**

Activities must submit requests for special buyout authority through their chain of command to the Civilian Personnel Management Service (CPMS), Civilian Assistance and Re-Employment (CARE) Division, 1400 Key Boulevard, Suite 600, Arlington, VA 22209-5144. A Special Buyout Authority Request Format is attached for Component use. The information provided must clearly justify the use of the workforce shaping authority, explaining how the request conforms with required criteria and detailing planned usage, e.g., method for restructuring or reshaping the position, and compliance with special authority guidelines. The relevant Component headquarters is responsible for reviewing each request and determining that the request meets the restructuring provisions of the Act before the request is forwarded to CPMS. The required information is critical. The absence of adequate or complete information may delay processing.

Upon receipt of a Component-approved request, CPMS will make a final review and recommendation. Because of the need to reconcile the numbers of special buyouts requested, final approval will be made at the Deputy Assistant Secretary of Defense (Civilian Personnel Policy) or higher level, in consultation with the Component Deputy Assistant Secretaries or equivalent. A written approval of the delegated authority will be provided to the Component. The approval will specify the timeframe for use of the authority and specify reporting requirements (see reporting requirements section below).

### **Special Buyout Authority Request Format**

Activities must submit requests for the special buyout authority through their chain of command to the Civilian Assistance and Re-Employment (CARE) Division, Civilian Personnel Management Service. The Component headquarters must review each request, especially the number of buyouts requested, and determine that the request meets the restructuring provisions of the Act and DoD guidance. For FY 2001, buyouts under this buyout authority can be applied to optional retirements only. Use of the special buyout authority will be restricted to the local activity. The following information must be submitted with the request:

- **Scope and Nature of Request:** Specify the activity location, organizational unit(s), occupational series or level(s) for which the workforce restructuring authority will apply. Provide the same information regarding the reshaped position(s) and how the resulting vacancy(ies) will be filled.
- **Justification:** State the reason why the special authority is needed. Fully explain how the application and use of the authority is directly tied to a workforce restructuring action of the activity and how the newly created vacancy will be reshaped to meet the critical mission needs of the activity. The following criteria could be used to support the use of the special buyout authority. Under mission needs, an example of an appropriate use would be a situation where if the restructuring action were not taken it would impede mission accomplishment or have an imminent negative effect on mission readiness. For correcting skill imbalances, an example of an appropriate use would be to offer the special buyout to a journeyman logistics specialist and reshape the position to an entry-level information technology position. For reducing supervisory positions, an example of an appropriate use would be to offer the special buyout to a Supervisory Aircraft Mechanic and reshape the position to a journeyman Aircraft Mechanic.
- **Timeframes:** Provide the starting and ending dates for the requested authority. This timeframe may cover all or any portion of the applicable fiscal year. All buyout recipients must be off the rolls by the end of the fiscal year. Within the requested authority period, activities may open and close multiple windows, control the timing, number of windows, and the occupational category(ies) of the positions to be reshaped per window. Identify whether the activity will use opportunity windows.
- **Organization Point of Contact:** Name, title, telephone number, and fax number of organization contact for the requested special buyout authority.

### **Reporting Requirements**

A final report is due no later than 30 calendar days after the expiration of the opportunity period or termination of the special authority, whichever comes first. Reports should be forwarded through the chain of command to the Civilian Assistance and Re-Employment Division, Civilian Personnel Management Service, 1400 Key Boulevard, Suite B-200, Arlington, VA 22209-5144. The report must contain the following information:

- Activity location, organizational units (where authority was applied):
- Supporting Human Resources Office:
- Special Buyout Authority Number:
  - Number of special buyouts by title, series, grade, organization and activity.
  - For each vacancy resulting from the special buyout, indicate how the vacancy was restructured. Specify title, series, grade, organization and activity.